

ORIGINAL



0000069185

BEFORE THE ARIZONA CORPORATION COMMISSION

04

COMMISSIONERS

2007 MAR 23 P 3: 54

MIKE GLEASON, CHAIRMAN

WILLIAM A. MUNDELL

JEFF HATCH-MILLER

KRISTIN K. MAYES

GARY PIERCE

AZ CORP COMMISSION
DOCUMENT CONTROL

IN THE MATTER OF THE APPLICATION
OF VALENCIA WATER COMPANY, INC.
FOR AUTHORITY TO ISSUE DEBT.

Docket No. W-01212A-05-0606

NOTICE OF FILING AFFIDAVIT

Valencia Water Company, Inc. ("Valencia") hereby gives notice that it is filing the affidavit of Cindy Liles, the Secretary and Treasurer for Valencia. Ms. Liles provides information related to Valencia's actual and projected capital structure from December 2006 through December 2014. This affidavit is being filed to comply with Decision No. 68336, which required such an affidavit as one condition for approving the authorization to issue long-term debt to the Water Infrastructure Finance Authority ("WIFA") in an amount not to exceed \$2,831,000. As shown in the affidavit and the accompanying table, Valencia does not plan to issue any more debt to WIFA and intends to pay back the \$181,843 in debt Valencia had previously issued before the end of December, 2007.

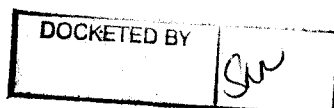
RESPECTFULLY SUBMITTED this 23RD day of March 2007.

ROSHKA DEWULF & PATTEN, PLC

Arizona Corporation Commission

DOCKETED

MAR 23 2007



By

Michael W. Patten

Timothy J. Sabo

One Arizona Center

400 East Van Buren Street, Suite 800

Phoenix, Arizona 85004

ROSIKA DEWULF & PATTEN, PLC
ONE ARIZONA CENTER
400 EAST VAN BUREN STREET - SUITE 800
PHOENIX, ARIZONA 85004
TELEPHONE NO 602-256-6100
FACSIMILE 602-256-6800

1 Original + 13 copies of the foregoing
2 filed this 23 day of March 2007, with:

3 Docket Control
4 ARIZONA CORPORATION COMMISSION
5 1200 West Washington
6 Phoenix, Arizona 85007

7 Copies of the foregoing hand-delivered/mailed
8 this 23 day of March 2007, to:

9 Lyn A. Farmer, Esq.
10 Chief Administrative Law Judge
11 Hearing Division
12 Arizona Corporation Commission
13 1200 West Washington
14 Phoenix, Arizona 85007

15 Christopher C. Kempley, Esq.
16 Chief Counsel, Legal Division
17 Arizona Corporation Commission
18 1200 West Washington
19 Phoenix, Arizona 85007

20 Ernest G. Johnson, Esq.
21 Director, Utilities Division
22 Arizona Corporation Commission
23 1200 West Washington
24 Phoenix, Arizona 85007

25
26
27
Debbie Amador

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 **COMMISSIONERS**

3 **MIKE GLEASON, CHAIRMAN**

4 **WILLIAM A. MUNDELL**

5 **JEFF HATCH-MILLER**

6 **KRISTIN K. MAYES**

7 **GARY PIERCE**

8 **IN THE MATTER OF THE APPLICATION OF**
9 **VALENCIA WATER COMPANY, INC. FOR**
10 **AUTHORITY ISSUE DEBT.**

Docket No. W-01212A-05-0606

11 Cindy Liles, having been duly sworn, deposes and says:

12 1. My name is Cindy Liles. I am over 18 years old, and I am a resident of Maricopa
13 County, Arizona.

14 2. I am the Senior Vice President and Chief Financial Officer for Global Water
15 Resources, LLC ("Global Parent"). I am also the Secretary and Treasurer of Valencia Water
16 Company, Inc. ("Valencia"). I have significant experience managing the financials of water,
17 wastewater, and reclaimed water utilities.

18 3. I am familiar with the condition in Decision 68336 (December 9, 2005) requiring
19 that certification be filed annually in the form of an affidavit of Valencia's current and prospective
20 capital structure.

21 4. Attached to this affidavit as Exhibit 1 is a spreadsheet that was prepared under my
22 direction, showing the actual and projected capital structure for Valencia. That spreadsheet shows
23 that the percentage of equity as part of Valencia's total capital – as of December 2006 – was
24 8.27% equity (\$1,608,048); debt from the Water Infrastructure Finance Authority ("WIFA")
25 comprised 0.93% (\$181,843); and advances-in-aid-of-construction ("AIAC") comprised 90.80%
26 (\$17,664,484). Equity consists of (1) Stock and Paid in Capital; (2) Current Year Net Income; and
27 (3) Retained Earnings.

ROSIKA DeWULF & PATTEN, PLC
ONE ARIZONA CENTER
400 EAST VAN BUREN STREET - SUITE 800
PHOENIX, ARIZONA 85004
TELEPHONE NO 602-256-6100
FACSIMILE 602-256-6800

1 5. The spreadsheet also shows the projected total capital by December of 2014; equity,
2 as a percentage of total capital, is expected at this time to be 45.06% (\$31,058,935); and the
3 remaining amount of total capital – 54.94% (\$37,865,390) – is expected at this time to be AIAC.

4 6. Total capital is expected to be \$68,924,325 by December, 2014, from \$19,454,375
5 as of December, 2006.

6 7. It is anticipated, at this time, that Valencia will not issue any additional debt to
7 WIFA and will also pay back the \$181,843 that was outstanding as of December, 2006, before the
8 end of December, 2007. So, the percentage of debt as part of Valencia's total capital is expected at
9 this time to be 0.00% by the end of 2007, and remain at 0.00% through December of 2014.

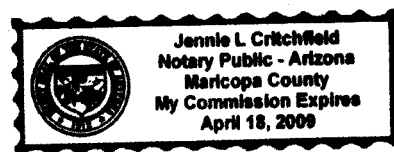
10 8. I attest that this information contained herein is true and accurate.

11 Further affiant sayeth not.

12 Cindy Liles
13
14 Cindy Liles

15
16 Subscribed and sworn before me this 23 day of March, 2007

17
18 Jennie L. Critchfield
19 Notary Public
20 My Commission Expires 4/18/09
21
22
23
24
25
26
27



[illegible]

1

* Current Year Net Income includes an estimated income tax expense. Projection anticipates high growth volume and the Company's recognition that equity needs to be infused. Company's goal is raise the incremental ratebase per customer to \$1,000-\$1,200.